

Bathurst Power & Paper Company Limited



TWELFTH
ANNUAL REPORT
1939

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BATHURST YELLOW LINED CYLINDER BOARD
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McGILL UNIVERSITY

BATHURST POWER
& PAPER COMPANY
LIMITED



TWELFTH
ANNUAL REPORT
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Report of Directors

To the Shareholders of

Bathurst Power and Paper Company Limited.

The Directors present herewith the Consolidated Balance Sheet as at December 31, 1939, and the Consolidated Statement of Profit and Loss and Surplus Account covering operations for the year ended December 31, 1939, together with the report of the Auditors, Messrs. Price, Waterhouse & Company.

Profit for the year before Depreciation, Depletion and Dominion and Provincial Income and Profits Taxes amounted to \$509,880.84 and compares with \$571,707.10 for 1938. The reduction in profit was entirely due to lower average selling prices.

The total amount of \$420,376.04 was charged against earnings during the year 1939 for Depreciation and Depletion. This compares with \$391,212.59 for the previous year.

Net earnings after providing for Depreciation, Depletion, Dominion and Provincial Income and Profits Taxes were \$81,196.70 and compare with \$153,042.54 for 1938.

Capital additions to plant and equipment during the year amounted to \$323,500.71.

A dividend of \$0.25 per share on Class A shares outstanding, amounting to \$100,000.00, was paid on December 20, 1939. The Earned Surplus Account amounted to \$457,643.84 at December 31, 1939.

Net Current and Working Assets were \$2,483,447.60 on December 31, 1939, as compared with \$2,369,721.49 on December 31, 1938, representing an increase of \$113,726.11. Cash and Securities amounted to \$852,503.83 compared with \$663,192.48 at the end of the previous year.

Operations of both the Kraft and Boxboard Mills were on a full-time basis throughout the year. Newsprint Mill production improved somewhat with the rest of the Industry in Canada during 1939 although continuing on a curtailed basis. The Sulphite Mill which operated on short-time during the first six months of 1939 has been operating at full capacity since July.

During the year it was necessary to replace the existing kraft digesters which had been in service since 1916. These have been replaced by four fusion-welded digesters which will require less maintenance expense. Work was also commenced in September on the installation of a modern recovery furnace and waste-heat boiler for the Kraft Pulp Mill. The installation of this equipment which will be completed in April 1940, will materially reduce the manufacturing cost of kraft pulp. The appropriation for the above work amounts to \$400,921.00, of which \$310,073.08 is included in 1939 expenditures.

Substantial reductions in manufacturing costs were made during the period under review. These were more than offset by lower prices received for the Company's products. With the exception of Newsprint, the price of which remained steady at the same level as in 1938, prices were at a materially lower average level than in 1938. The drastic price reductions referred to in last year's Annual Report as having taken place in the United States, continued to be reflected in markets both at home and abroad throughout the greater part of the year. Generally improved conditions resulting in greater demands for pulp, paper and board products considerably improved this situation toward the year end.

The declaration of war at the beginning of last September has already created and will continue to create new problems and new responsibilities for the Company, as for many other industrial companies in Canada. The Company enters 1940 in excellent condition to face these problems and responsibilities.

Current operations for Kraft Mill, Boxboard Mill and Sulphite Mill are at full capacity and better prices are being received for these products. The Newsprint Mill while curtailed is operating at a higher ratio than last year.

The physical condition of the Mill and Power Plants has been fully maintained.

The Auditors, Messrs. Price, Waterhouse & Company retire at this time, and being eligible, offer themselves for re-election.

The Directors acknowledge with appreciation the loyal and efficient services of the officers, staff and employees of the Company.

Respectfully submitted on behalf of the Board of Directors.

R. L. WELDON,

MONTREAL, Canada, March 8th, 1940.

President.

BATHURST POWER AND AND SUBSIDIA

Consolidated Balance S

ASSETS

	Dec. 31, 1939	Dec. 31, 1938
CURRENT ASSETS:		
Cash in Banks, on Hand and on Call.....	\$ 692,013.08	\$ 608,439.23
Marketable Securities at book values.....	160,490.75	54,753.25
(Quoted market values at December 31, 1939— \$158,800)		
Accounts Receivable less Reserve for Doubtful Ac- counts.....	616,667.32	341,708.60
Trade Deposits.....	26,283.49	28,260.00
Inventories of Raw Materials, Supplies and Finished Products, as determined and certified by respon- sible officials of the Company, valued on the basis of average cost or market, whichever was the lower.....	1,404,013.96	1,595,721.87
Expenditures on Current Season's Logging Operations	223,103.12	227,800.18
	<u>\$ 3,122,571.72</u>	<u>\$ 2,856,683.13</u>
PROPERTIES at book values December 31, 1934, with cost of subsequent additions and after applying in reduction of values Capital Surplus of \$8,804,082.45 at December 31, 1935—		
Timber Limits and Undeveloped Water Powers..	\$ 7,337,628.97	\$ 7,337,628.97
Buildings, Plant and Machinery.....	8,086,667.73	7,763,167.02
	<u>\$ 15,424,296.70</u>	<u>\$ 15,100,795.99</u>
INVESTMENTS IN ASSOCIATED AND OTHER COMPANIES....	<u>\$ 44,503.00</u>	<u>\$ 44,503.00</u>
DEFERRED CHARGES:		
Prepaid Taxes and Unexpired Insurance.....	\$ 24,996.97	\$ 36,310.56
Depletion on Pulpwood on hand to be absorbed in future operations.....	65,639.29	106,904.60
Other Deferred Charges.....	34,211.41	50,587.38
	<u>\$ 124,847.67</u>	<u>\$ 193,802.54</u>
	<u><u>\$ 18,716,219.09</u></u>	<u><u>\$ 18,195,784.66</u></u>

Approved on behalf of the Board:

R. L. WELDON,
H. J. WEBB, } *Directors.*

PAPER COMPANY LIMITED

Y COMPANIES

et, December 31, 1939

LIABILITIES

	Dec. 31, 1939	Dec. 31, 1938
CURRENT LIABILITIES:		
Accounts Payable and Accrued Liabilities.....	\$ 620,537.63	\$ 392,903.54
Taxes and Stumpage Dues.....	1,872.13	62,017.11
Provision for Dominion Taxes.....	16,714.36	32,040.99
	\$ 639,124.12	\$ 486,961.64
RESERVES:		
Depreciation of Buildings, Plant and Machinery.....	\$ 1,689,813.43	\$ 1,357,937.31
Depletion of Timber Limits.....	650,061.66	595,192.23
Contingencies.....	24,158.95	24,158.95
Insurance Fund.....	15,417.09	15,087.39
	\$ 2,379,451.13	\$ 1,992,375.88
COMMON STOCK AND SURPLUS:		
Class A—		
Authorized—750,000 shares without nominal or par value.		
Issued—400,000 shares without nominal or par value.....		
(Class A shares are redeemable at \$65.00 per share upon thirty days' notice)	\$ 14,400,000.00	\$ 14,400,000.00
Class B—		
Authorized—500,000 shares without nominal or par value.		
Issued—300,000 shares without nominal or par value.....		
	840,000.00	840,000.00
Earned Surplus, as per statement attached.....	457,643.84	476,447.14
	\$ 15,697,643.84	\$ 15,716,447.14
CONTINGENT LIABILITY:		
Trade Paper under discount <u>£1,099.76</u>		
	\$ 18,716,219.09	\$ 18,195,784.66

BATHURST POWER AND PAPER COMPANY LIMITED AND SUBSIDIARY COMPANIES

*Consolidated Statement of Profit and Loss and Surplus Account,
December 31, 1939*

	Year ending	
	Dec. 31, 1939	Dec. 31, 1938
Net Sales after deducting freight, allowances and discounts.	\$3,634,024.05	✓ \$3,308,887.41
Cost of Sales and Expenses—		
Includes Manufacturing Cost, General Administration and Selling Expenses, except Officers' Remuneration, Directors' Fees, Legal Expenses and after deducting other Miscellaneous Operating Income.	3,055,372.73	2,666,995.65
Profits from Operations.	\$ 578,651.32	\$ 641,891.76
Non-operating Revenue—		
Interest on Investments, Premium on Exchange and Sundry Other Non-operating Income.	21,989.67	18,966.07
Gross Income	\$ 600,640.99	\$ 660,857.83
Other Deductions—		
Officers' Remuneration.	63,700.00	64,783.33
Provincial Corporation Taxes.	19,988.24	19,479.14
Legal Expenses.	5,931.91	3,268.26
Directors' Fees.	1,140.00	1,620.00
	\$ 90,760.15	\$ 89,150.73
Profit before Depreciation, Depletion and Dominion and Provincial Income and Profits Taxes.	\$ 509,880.84	\$ 571,707.10
Provision for Depreciation and Depletion—		
Depreciation.	\$ 328,900.20	✓ \$ 328,731.67
Depletion.	86,571.66	57,580.25
	\$ 415,471.86	\$ 386,311.92
Net Profit Bathurst Power & Paper Company Limited before Dominion and Provincial Income and Profits Taxes.	94,408.98	185,395.18
Profits of Subsidiary Companies after charging \$4,904.18 for Depreciation and \$393.00 for Officers' Salaries.	3,025.70	1,871.98
Combined Profit before providing for Income and Profits Taxes.	\$ 97,434.68	\$ 187,267.16
Dominion and Provincial Income and Profits Taxes—		
Provision for Dominion Income Tax in respect of year 1939 and Provincial Profits Taxes paid for the year 1938	16,237.98	34,224.62
Net Income for the year.	\$ 81,196.70	✓ \$ 153,042.54
Earned Surplus at end of previous year.	476,447.14	423,404.60
	\$ 557,643.84	\$ 576,447.14
Dividend paid	100,000.00	100,000.00
Earned Surplus at end of year	<u>\$ 457,643.84</u>	<u>\$ 476,447.14</u>

The figures for the year 1938 have been restated to effect a comparison with 1939.

Auditors' Report

AUDITORS' REPORT TO THE SHAREHOLDERS:

We have made an examination of the books and accounts of the Bathurst Power & Paper Company Limited and its Subsidiary Companies for the year ending December 31, 1939, and have obtained all the information and explanations which we have required; and we report that the above Balance Sheet at December 31, 1939 is, in our opinion, properly drawn up so as to show a true and correct view of the financial position of Bathurst Power & Paper Company Limited and its Subsidiary Companies at that date, according to the best of our information and the explanations given to us and as shown by the books of the Companies.

PRICE, WATERHOUSE & CO.,
Auditors.

MONTREAL, February 23, 1940.

BATHURST POWER AND PAPER COMPANY LIMITED



Officers

R. L. WELDON.....	President
P. A. THOMSON.....	Vice-President
H. J. WEBB.....	Vice-President and Secretary-Treasurer
G. A. SCHRYER.....	Asst. Treasurer
F. D. LAMONT.....	Asst. Treasurer

Directors

F. J. CAMPBELL	R. G. IVEY, K.C.
A. J. NESBITT	P. A. THOMSON
H. P. ROBINSON	JOSEPH SIMARD
H. J. WEBB	R. L. WELDON

J. B. WOODYATT

BATHURST POWER & PAPER COMPANY LIMITED

General Office:

SUN LIFE BUILDING, MONTREAL

Mills at

BATHURST, NEW BRUNSWICK

Cables: "Wongan," Montreal



*The Following Products are Manufactured at
Bathurst for Domestic and Export Markets*

CYLINDER BOARDS — Patent Coated — Bleached
Manilla — Pulpboards — Kraft Lined Boards —
Coloured Boards and Screenings Boards.

FOURDRINIER BOARDS — Kraft Liner and Kraft
Corrugating Boards.

SULPHITE PULP — High grade unbleached Sulphite
Pulp.

NEWSPRINT — Standard Newsprint Paper.

DISTRICT SALES OFFICES:

ONTARIO 159 Bay Street, Toronto, Ont.

QUEBEC Sun Life Building, Montreal, P.Q.

MARITIME PROVINCES Bathurst, N.B.

UNITED KINGDOM Herbert Cox Ltd., Armour House,
London, England

AUSTRALIA E. Lufft & Son, Yularoi House, Sydney, N.S.W.

NEW ZEALAND Neill Cropper & Co., Dilworth Bldg.,
Auckland, N.Z.